

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6450

BILL NUMBER: SB 207

NOTE PREPARED: Apr 29, 2013

BILL AMENDED: Apr 11, 2013

SUBJECT: Resident Tuition Rate.

FIRST AUTHOR: Sen. Leising

FIRST SPONSOR: Rep. Kubacki

BILL STATUS: Enrolled

FUNDS AFFECTED: ☒ **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill has the following provisions:

- (1) Establishes certain exceptions to the requirement that an agency or political subdivision verify that an individual applying for state or local public benefits or federal public benefits is a United States citizen or qualified alien.
- (2) Provides that the law that prohibits resident tuition rate for individuals who are not lawfully present in the United States does not apply to individuals who were enrolled in state educational institutions on or before July 1, 2011.
- (3) Provides that qualified veterans are eligible for the resident tuition rate for undergraduate courses upon enrolling in a state educational institution not later than 12 months after discharge or separation from the United States armed forces.
- (4) Requires a qualified veteran to provide to the state educational institution, not later than 12 months after enrolling in the state educational institution to provide certain information to show that the veteran resides in Indiana.
- (5) Provides that if the qualified veteran does not provide the required proof of residency the qualified veteran is subject to the tuition policies established by the state educational institution.

Effective Date: July 1, 2013.

Explanation of State Expenditures: *Summary:* This bill could increase the number of individuals who are eligible for the in-state tuition rate at postsecondary educational institutions. As a result, this bill could reduce student fees paid to Indiana universities. The actual impact of this bill is indeterminable.

Additional Information: This bill affects the resident tuition rate for (1) veterans, (2) international students with bona fide legal status, and (3) students who enrolled in a state postsecondary educational institution on or before July 1, 2011.

(1) The number of veterans who might qualify for in-state tuition under the bill is unknown.

(2) The clarification that prohibitions against financial aid do not apply to international students with bona fide legal status who are enrolled in state educational institutions should have no fiscal impact.

(3) The provision allowing a college student who enrolled in a state educational institution on or before July 1, 2011, and is not lawfully present in the United States to pay in-state tuition could reduce the future student fees to universities. The impact is unknown but probably minor.

Under the current higher education budget formula, the inclusion of additional resident students could affect higher education appropriations in future bienniums. There would be no fiscal impact for the FY 2014-FY 2015 biennium. The impact in later bienniums is probably minor, but would depend on the higher education formula used in the future.

The current higher education budget formula uses the following factors to determine the biennial appropriation for each state educational institution: (1) overall degree completion; (2) at-risk student degree completion; (3) high-impact degree completion; (4) student persistence; (5) remediation success; (6) on-time graduation; (7) an institution-defined productivity metric; and (8) the institution's base-year appropriation. The performance metrics are based on a 4-year rolling average to measure the change from the previous biennium. Due to the 4-year rolling average of the performance metrics, the impact of the bill on the state appropriations is expected to be minor and would not occur until the FY 2016-FY 2017 biennial budget.

For FY 2014, 6% of the higher education budget is based on the performance metrics and 94% is based on the base-year appropriation. The Commission for Higher Education (CHE) has increased the performance metrics percentage to 7% for FY 2015.

The higher education operating budget recommended by CHE for the FY 2014-FY 2015 biennium is about \$1.26 B per year.

Explanation of State Revenues: The impact on state educational institutions is a potential decrease in tuition revenue since qualified (1) veterans and (2) unlawfully present students would pay in-state tuition instead of out-of-state tuition. The difference between in-state and out-of-state tuition is between about \$3,800 and \$21,400 per year, depending on the state educational institution.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State post-secondary educational institutions; CHE.

Local Agencies Affected:

Information Sources: CHE Budget Development website, <http://www.in.gov/che/2367.htm>

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